

Q&A: Are cryptocurrency exchanges and wallet service providers subject to the *Emergency Economic Measures Order*?

Yes, cryptocurrency exchanges and *custodial cryptocurrency wallet service providers*** are subject to the Order.

Cryptocurrency exchanges are included under the Order as a money services business dealing in virtual currency. These businesses are required to monitor whether they have control of property that is held on behalf of individuals or entities involved in the blockades and to cease providing exchange and transfer services upon making such a determination. They are also required to register with, and report suspicious and large value transactions, to FINTRAC.

The same requirements apply to custodial cryptocurrency wallet service providers.

Background Information

- **What is the scope of a money services business dealing in virtual currency?**
 - It includes persons or entities that are engaged in the business of providing virtual currency exchange services and virtual currency transfer services
 - Virtual currency exchanges services includes exchanging funds for virtual currency, virtual currency for funds or, virtual currency for another virtual currency
 - Virtual currency transfer services includes transferring virtual currency at the request of a client and receiving a transfer of virtual currency for remittance to a beneficiary
 - It includes foreign money services businesses that provide virtual currency exchange services and virtual currency transfer services to persons or entities in Canada
 - ***It includes custodial virtual currency wallet providers*
 - *Custodial virtual currency wallets are wallets where a private key is held by a third party (e.g., Binance or Coinbase) or where there exists some other measure of control over the virtual currency*
- **What is excluded from the scope of a money services business dealing in virtual currency?**
 - Non-custodial virtual currency wallets cannot be subject to the requirements under the Order because they do not have any control or ability to access the virtual currency.